

HD Mining International Ltd.

Address: Suite 433 595 Burrard Street,

P.O. Box 49161 Vancouver BC V7X 1J1

Tel: 604 689 8669

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March 15, 2012

Bev Bennet
Team Leader
Service Canada – Employer Services
1400-300 W. Georgia St.
Vancouver, BC V6B 6G3

RECEIVED

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Re: Labour Market Opinion Application

Dear Ms. Bennet,

Enclosed please find HD Mining International Ltd. (HD Mining) application and supporting documents for Temporary Foreign Workers.

HD Mining is proposing to begin development of the Murray River Project, an advanced underground coal mining project in North East British Columbia. The project will start with a one hundred thousand (100,000) tonne bulk sample for which permitting is expected to be completed in the March, 2012. The project is slated to produce 6 million tonnes of coal per year over a mine life of 40 years. Capital investment for this project is estimated at \$300 million and total estimated Annual Corporation Income Tax Payable is estimated at \$102.48 million. In addition to about 500 on-site employees, HD Mining anticipates approximately 1000 in-direct jobs could be created.

HD Mining will be utilizing a long-wall mining construction method. This method has not been used in Canada. Due to the shortage of experienced underground coal miners in Canada, HD Mining will have to hire qualified foreign mining workers for its underground coal mine in Tumbler Ridge. The shortage of skilled workers in the mining sector is significant.

HD Mining plans to start construction of both the decline and shaft required for our bulk sample. Our last batch of LMO's – submitted on March 02, 2012 were for the workers required to construct the decline and this batch of LMO's is required for shaft construction.

HD Mining has made ongoing efforts to recruit the qualified workforce required for mine construction of our bulk sample. However, our recruitment process continues to show an extreme shortage of Underground Coal Mining skills in Canada.

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As with our previous application, HD Mining has developed a comprehensive Training and Transition Plan for its Temporary Foreign Workers. This plan is attached and has been discussed and reviewed by senior officials from Citizenship and Immigration Canada, Service Canada and the Provincial Chief Inspector of Mines.

While HD Mining requires Temporary Foreign Workers experienced in underground mining this project will also create new jobs for Canadians in the following areas:

- At site mine jobs including: Mine Electricians, Mine Stock/Parts Clerks, Office Clerks, Miner Operators and Support Workers.
- Above ground mine site construction will be subcontracted to local Canadian companies.
- Local jobs in the District of Tumbler Ridge and surrounding the local communities in areas such as: facilities/accommodations, medical services, daycare, schools, recreation/entertainment centres, downtown businesses.

Our completed package includes the following:

A. LMO Application Documents:

1. HD Mining Transition Plan for Temporary Foreign Workers
2. Application Form (with Foreign Workers Name List) – Three Job Titles
3. Sample Employment Contract for NOC8411 - Three Job Titles
4. Recruitment Result Spreadsheet 2 pages
5. Support Letter from Mining Association of BC
6. Company Structure

B. Recruitment Effort – Advertisements Records

1. HD Mining International Ltd. Website
2. National Job Bank
3. Aboriginal Canada Portal
4. The Mining Association of BC
5. Tumbler Ridge News
6. The Trends Employment Centre Job Board in Tumbler Ridge
7. The Coffee Talk Express Newspaper Covering Chetwynd, Tumbler Ridge, and Dawson Creek
8. The Province/Vancouver Sun
9. Infomine – Canadian Mining Journal
10. The Job Fair of Northern BC

HD Mining International Ltd.

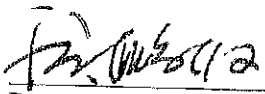
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Provide upon Request:

- Assessment form & resumes for selected candidates
- All resumes received for the Project up to date

Should you need further information, please do not hesitate to contact us. We appreciate your consideration of our application and the significant economic benefits the Murray River Project will bring to BC and Canada.

Sincerely yours,



Peng Gui Yan
Chairman of HD Mining International Ltd.

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Email: penggui.yan@hdmMiningintl.com
Website: www.hdmMiningintl.com

Encl.

HD Mining Murray River Project

Transition Plan for Temporary Foreign Workers

Background

The BC Government Jobs Plan highlights Mining and the worldwide demand for coal, metals and industrial minerals and commits to ensuring that the Province has eight new mines in operation by 2015. These new mines will put increased pressure on the need for skilled workers in a sector that is expected to see continued demand for resources with the growth of a new middle class in places like China.

Since 2007, BC's metallurgical coal exports to China have soared from 140,000 to 3.7 million tonnes.

Immigrants, temporary foreign workers and Canadians who move to B.C. are important components of the labour force and are expected to continue to play a significant role in meeting labour market demands. The *B.C. Labour Market Outlook: 2010 – 2020*, estimates that throughout the forecast period, growth in the demand for workers is expected to outpace growth in the supply of workers. This will lead to an estimated shortage of 61,500 workers by 2020. Among the regions, the Northeast region is expected to have the highest growth of demand for workers at 1.7 percent annually.

1. Our Project

HD Mining is proposing to begin development of an advanced underground coal mining project in North East British Columbia. This project supports the BC government's goals of resource economic development and job creation. The project will start with a one hundred thousand (100,000) tonne bulk sample for which permitting is expected to be completed in the near future. HD Mining will use a proven world class mining technique used in China, and other parts of the world. This technique called "long wall mining" has not been used in British Columbia before. The Murray River Project is slated to produce 6 million tonnes of coal per year over a mine life of 40 years. Capital investment for this project is estimated at \$300 million and total estimated Annual Corporation Income Tax Payable is estimated at \$102.48 million Canadian Dollars. In addition to about 500 on-site employees, HD Mining anticipates approximately 1000 in-direct jobs could be created.

The original Labour Market Opinion Application for Temporary Foreign Workers (TFWs) was made by Canadian Dehua International Mines Group Inc., in March of 2011. HD Mining International Ltd. was established on June 9th, 2011 in Vancouver BC, Canada. Huiyong Holdings (BC) holds a 55 per cent interest in the joint venture, while Canadian Dehua International Mining Group holds a 40 per cent stake, and the five per cent with another partner. See Appendix A for company structure.

2. Shortage of Skilled Mine Workers

Currently British Columbia has only one underground coal mine which has been operating for approximately 20 years and is a relatively small operation producing approximately 1 million tonnes/year. While this mine is underground, it utilizes a room and pillar method not the long-wall method proposed by HD mining. There is currently a lack of experienced underground coal miners and mine workers in general. This shortage of skilled workers has been confirmed by David Bazowski, chair of the B.C. Mineral Exploration and Mining Labour Market Task Force, which was established over three years ago by the federal government and now sponsored by the province and various industry groups to investigate ways to address the growing shortage of skilled labour in the province's mining industry. This shortage will continue to worsen as the Province faces buoyant commodity prices, a steady demand from Asia, and the retirements of heavy-duty equipment mechanics, geologists, and mining engineers.

As well, for those qualified underground miners, there are plenty of alternatives outside of British Columbia. These skills are in high demand worldwide. Mr. Bazowski estimates that "over the next 10 years there could be anything from over 10,000 to 15,000 new jobs required to be filled in the mining industry," says. "Today we're already seeing significant shortages in virtually all the trades and in some of the professional science areas -- geologists, metallurgists, and mining engineers."

3. Why the need for Chinese TFWs?

Huiyong Holdings, the HD parent company of HD Mining, is currently operating nine mines in China with some of the most advanced technology in the world. HD Mining will be utilizing a long-wall mining method not used in Canada. This method is highly mechanized and specialized requiring workers skilled in this technique. HD also requires proven equipment for long-wall mining which cannot be sourced in Canada, therefore Chinese equipment and workers skilled in operating such equipment are needed. The development of a new underground coal mine of this magnitude also requires its workers to have the necessary experience to operate safely and efficiently. All TFWs are permanent employees of China Huiyong Holdings, whose employees are well trained, time-tested teams for underground operations, which unlike most surface operations demand strong team coherence. HD Mining therefore requires workers experienced in this method of mining to begin construction.

4. Provincial Regulatory Requirements

The entrance of foreign workers into Canada is a federal issue however Citizenship and Immigration Canada (CIC) has requested that the Provincial Chief Inspector of Mines determine what language requirements are needed. To assist in this regard a proposal to the Chief Inspector of Mines on how HD Mining would address the employment of

TFWs. The Chief Inspector of Mines has responded supporting the proposal which lays out the following requirements:

- a) Mine management staff be fully fluent in written and verbal English and this is a requirement of the Health, Safety and Reclamation Code. In order to obtain this certification they must also successfully complete an examination process as determined by the Ministry Board of Examiners.
- b) That Inspectors of Mines are able to communicate effectively with management staff, mine workers, the mine occupational health and safety committee and also review any written procedures or records on the mine site.
- c) All workers have reviewed and understand the requirements of the Code particularly with respect to the requirements for underground coal mine operation and those related to mine health and safety.
- d) All workers understand the requirement for occupational health and safety committees and the right to refuse unsafe work.
- e) All signs will be bilingual in both Mandarin and English
- f) All written procedures shall be written and in both Mandarin and English and provided to an Inspector upon request.
- g) All training materials and records shall be written in Mandarin and English and provided to an Inspector upon request.

5. HD Mining Response to Provincial Regulatory Requirements

To meet the requirements identified above, HD Mining will use a suite of tools to ensure an efficient transition of TFWs into British Columbia. The tools will include:

- a) HD Mining will hire a Mine Manager and Shift bosses that are fluent in English. As well, for those with workers with limited English skills, HD will provide English/Mandarin translators for each team who are technically knowledgeable in underground mining.
- b) HD Mining will have technical translators who are knowledgeable in underground coal mining
- c) The Health, Safety and Reclamation Code has been fully translated into Mandarin.
- d) A joint occupational health and safety committee will be formed to ensure compliance with the Code.

- e) All underground and surface signage will be bilingual available in both English and Mandarin
- f) All written procedures shall be written and in both Mandarin and English
- g) HD Mining will ensure all training material is available in English and Mandarin.
- h) All TFW will be provided basic English language training prior to entry into British Columbia.
- i) Once in Canada, HD Mining will provide additional English language training. This will consist of 2 to 3 hours per week of paid training.

6. Training for TFWs in Preparation for the Placement in Canada

In the summer of 2011, some 120 skilled workers with China Huiyong Holdings were selected from a competitive process to participate in a three-week full time training program. The training session which was intended as a wash-out procedure would yield 84 candidates for the Positive LOM, and in due process, for the eventual employment with Murray River Project.

The curriculum which was tailored as a lead-in activity for the TFWs include three components:

- a) A reinforced program of the Chinese Safe and Health rules so as to update and improve their job-related skills. The tutorial level is higher than the TFWs' present certified qualification level. See Appendix B for the certificates issued by the Chinese regulatory authorities.
- b) A program based on BC Safety and Health code run by a WorkSafeBC partner by the name of North Lights College. See Appendix C for the Education Services Agreement.
- c) An English language program.

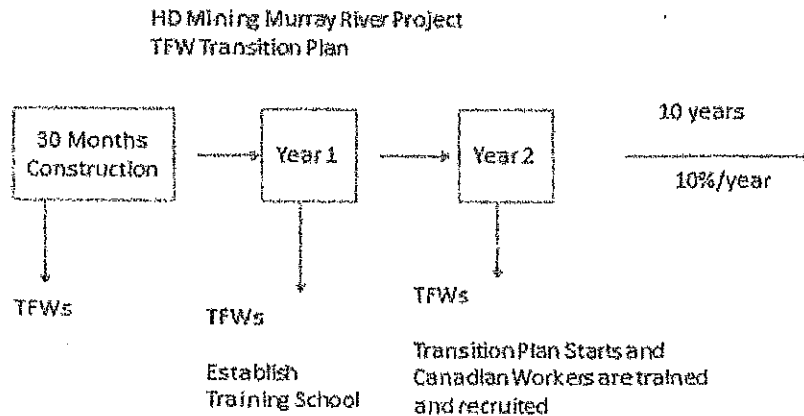
Please also find attached as Appendix D:

- A copy of a letter from CLEAR Health & Safety Services of BC who observed this training;
- The WorkSafe BC exams for the Joint Health & Safety Committee Training and the Hazard Recognition and Control, and;
- The certificates employees receive once they have passed the required exams.

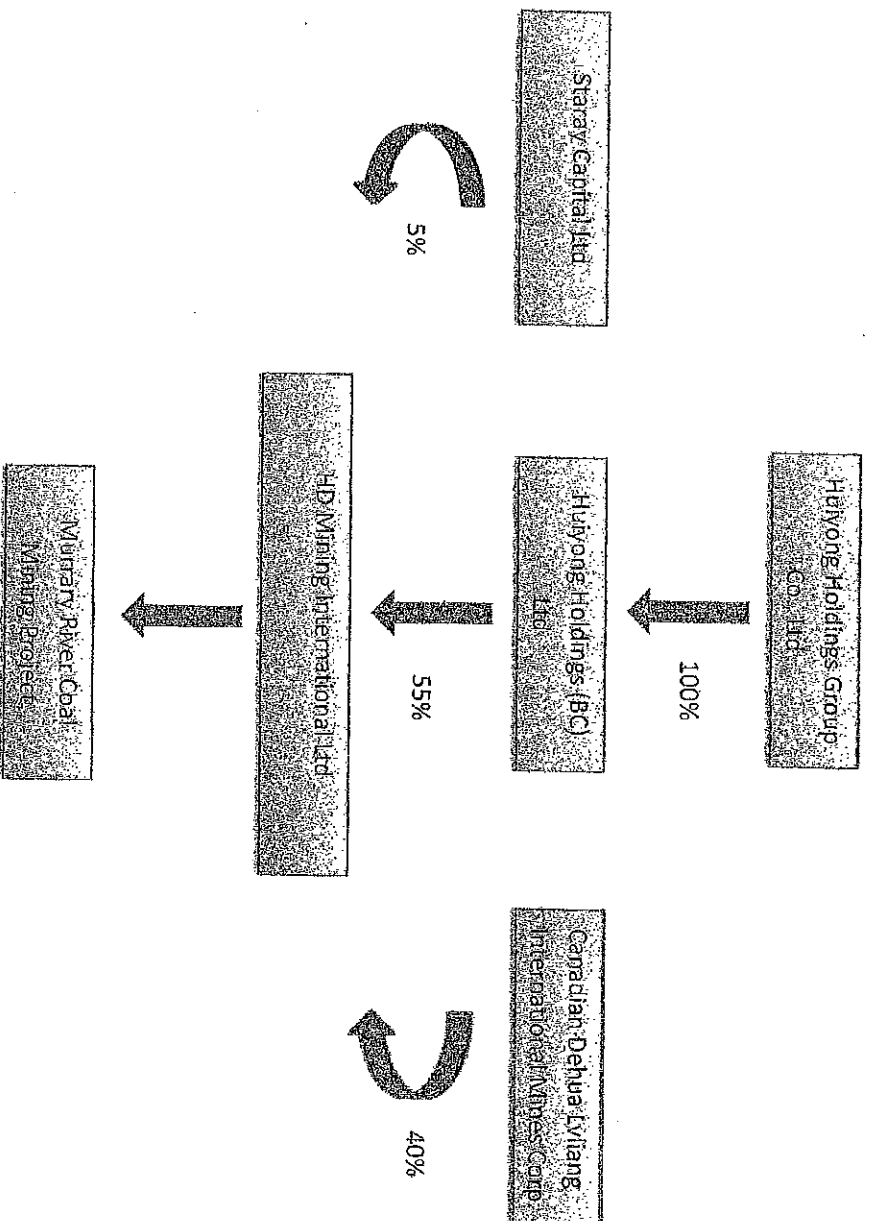
7. Transitioning our Workforce from Foreign to Domestic Employees from Fore Workers

As a Canadian employer, HD Mining will endeavor over time to employ a 100% Canadian workforce. It is a goal of HD Mining to where practicable and possible transfer the skills of the TFWs to local Canadians. This will however take time, and HD is proposing a multi-year training process during which local Canadian workers would be trained in the skills required for this method of mining. See Figure 1.

Figure 1.



Company Structure



Company Structure

